



No. 35

September 2, 2003

H.R. 2660/S. 1356 – Labor, Health and Human Services and Education, and Related Agencies Appropriations, 2004

Calendar No. 175

Reported by the Committee on Appropriations on June 26, 2003, by a vote of 25-4 (voting nay were Senators Mikulski, Reid, Murray, and Landrieu); S. Rept. 108-81.

NOTEWORTHY

- By unanimous consent, the Senate will begin consideration of H.R. 2660, the House-passed Labor-HHS-Education appropriation bill, on Tuesday, September 2, at 9:30 a.m. At press time, Senator Specter had introduced S. Amdt. No. 1542, which is the text of S. 1356.
- **Overall spending:** S. 1356 would provide a total of \$472.17 billion in budget authority, including \$19.28 billion in FY05 and FY06 discretionary advance appropriations.
- **Discretionary spending:** Of that total, \$137.6 billion is FY04 discretionary budget authority, using all of the Committee's 302(b) allocation. This amount is \$435 million below the House allocation and \$389 million below the President's budget request. The House and Senate bills also have available \$2.2 billion to spend in FY2004, which was achieved by pushing back advance appropriations from FY2004 into FY2003.
- On July 10, the House passed its Labor-HHS-Ed. spending bill, H.R. 2660, by a vote of 215-208. The Administration, in its Statement of Administration Policy, had threatened to veto the bill if funds were denied for either of two Department of Labor proposed regulations – the first related to the white-collar exemption from overtime regulations, and the second related to labor union financial reporting requirements. (During House consideration, the overtime amendment was rejected; no financial reporting amendment was offered.)
- A number of amendments are expected (see Possible Amendments, p. 8). At press time, Senator Byrd had re-offered his committee amendment to raise the funding level for Title I, for educating disadvantaged students, from \$12.4 billion to \$18.5 billion. The amendment failed, 15-14, during markup.

HIGHLIGHTS

Budget estimates: The Labor-HHS-Education appropriation bill is the largest Congress considers, except Defense. The Committee recommends total budget authority of \$472.17 billion for the Departments of Labor, HHS, Education, and related agencies, more than two-thirds of which is mandatory spending. This budget authority level is an increase of \$41.18 billion over the comparable level for FY03. The increase is largely for mandatory appropriations, including Medicaid and Medicare.

Of the total budget authority, \$137.6 billion (the subcommittee allocation amount) is recommended for FY04 discretionary funding, which is \$435 million below the House-passed bill and \$389 million below the President's budget request. In addition, the Senate made available \$2.2 billion by pushing back prior-year advance appropriations for education from FY2004 into FY2003. The Senate bill, therefore, has a program level increase of \$2.0 billion, or 1.5 percent over the President's budget, and is \$3.3 billion, or 2.4 percent, over the FY2003 enacted discretionary amount.

Riders: The bill includes the same abortion and embryonic research funding restrictions as have been contained in previous Labor-HHS-Education measures. First, the measure prohibits federal funds to be used for abortions except in the case of rape, incest, or when the mother's life is threatened. Second, the measure restricts federal funding for the creation of human embryos for research purposes or for research in which human embryos are destroyed.

BACKGROUND

Of the 13 federal appropriations measures, the Labor, HHS and Education and Related Agencies bill is the single, largest source of discretionary funds for nondefense federal programs. It constitutes over 300 programs, spanning three federal Departments and numerous related agencies. The bill provides a range of funding from basic education and job skills training to health care and early childhood development programs. In addition, it includes funding for public health, medical research, and home energy assistance for low-income persons.

BILL PROVISIONS

Title I — Department of Labor

The bill recommends a total of \$11.83 billion in discretionary funding for the Department of Labor, and a total funding amount of \$15.28 billion.

- **Job Training Overview** – The bill recommends \$5.1 billion for training and employment services. This funding includes adult training programs, \$1 billion for youth training and \$77 million for the migrant and seasonal farm worker program – constituting level funding or small increases for each of these programs.
 - **Dislocated Worker Assistance** – The bill recommends \$1.43 billion for dislocated worker employment and training programs, of which \$1.15 billion is designated for state grants. This is equal to FY03 funding levels, but is \$49 million more than the President’s request.
 - **Trade Adjustment Assistance** – The bill would allocate \$1.34 billion for Federal Unemployment Benefits and Allowances for workers dislocated by trade, an increase of \$366 million over FY03.
 - **Workforce Investment Act Adult Training grants to states** – The bill recommends \$900 million for adult training, equal to the President’s request. This is a \$1.2 million increase over FY03.
 - **Job Corps** – The bill recommends \$1.54 billion for the Job Corps program. This increase is \$28 million over the FY03 funding level, but \$25 million less than the President’s request.
- **Veterans Employment and Training** – The bill recommends \$220 million, an increase of \$7 million over FY03. This funding level matches the President’s request.
- **Occupational Health and Safety** – The bill recommends \$463 million for OSHA, \$13 million more than the FY03 amount and than the budget request.

Title II — Department of Health and Human Services

The bill recommends a total of \$353.52 billion for the Department of Health and Human Services, of which \$61.2 billion is discretionary.

- **NIH** – The bill recommends a program level of \$27.9 billion for the National Institutes of Health, an increase of \$1 billion over the FY03 appropriation level and \$318 million over

the President's budget request. Included in this amount is \$1.68 billion for emerging infectious diseases, an amount which is \$600 million above the FY03 amount.

- **CDC** – The bill recommends \$4.64 billion for the Centers for Disease Control and Prevention, an increase of \$150 million from the FY03 appropriation level. Included in this amount is \$802 million for Chronic Disease Prevention and Health Promotion; \$1.24 billion for HIV/AIDS, STD, and TB Prevention; \$656 million for Immunization; \$25 million for the containment of new disease outbreaks (SARS, Monkeypox). The bill recommends \$50 million to secure reliable communications from sites where new infectious diseases tend to occur and \$250 million for CDC buildings and facilities.
- **Community Health Centers** – The bill recommends \$1.63 billion, an increase of \$122 million over FY03 and the same as the President's request.
- **Ryan White AIDS Programs** – The bill recommends \$2.02 billion for such programs, an increase of \$24 million over the FY03 appropriation level.
- **Health Professions** – The bill recommends \$423.7 million for all HRSA health professions programs, a decrease of \$287.5 million from the FY03 appropriation level and an increase of \$115.3 million above the President's request.
- **Pandemic Flu** – The bill includes \$100 million in new funding to ensure that an adequate supply of vaccine would be available in the event of a severe flu outbreak. This funding will pass through the Public Health and Social Services Emergency Fund to the CDC.
- **Global AIDS** – The bill includes \$693 million for efforts to fight HIV/AIDS, TB and Malaria globally. This includes \$90 million for mother to child transmission prevention, an increase of \$50 million over the FY03 appropriation level; \$150 million for the Global Fund for AIDS, TB and Malaria, which is \$50 million above the President's request and the FY03 level; and \$142 million for the CDC Global AIDS Program.
- **National Health Services Corps** – The bill recommends \$125.1 million for recruitment efforts. This amount is the same as the FY03 appropriation and \$42 million less than the President's request.
- **Pediatric Graduate Medical Education** – The bill recommends \$290 million, the same as last year and an increase of \$91 million over the President's request.
- **Low Income Home Energy Assistance Program (LIHEAP)** – The bill recommends \$2 billion, the same as the President's request, and \$311 million more than the FY03 level. All funds have been provided under the state grant program.
- **Family Caregivers** – The bill recommends \$149 million, an increase of \$7.5 million above the President's request and the same as last year.

- **Head Start** – The bill recommends \$6.82 billion for the Head Start program, the same as the requested amount, and an increase of \$148 million from the FY03 appropriation level.
- **Substance Abuse and Mental Health Services** – The bill recommends a program level of \$3.27 billion. Of that, \$2.13 billion is for substance abuse, an increase of \$60 million from the FY03 appropriation level.
- **Abstinence Education** – The bill recommends \$73 million, an increase of \$18.4 million over the FY03 level.
- **Family Planning** – The bill recommends \$283 million, an increase of \$10 million over the President’s request and \$18.5 million over the FY03 appropriation level.
- **National Cord Blood Stem Cell Bank** – The bill includes \$10 million for the establishment of a National Cord Blood Stem Cell Bank.

Title III — Department of Education

The bill provides a \$54.6 billion in discretionary appropriations for the Department of Education, a \$1.5 billion increase over the FY03 level and the President’s budget request. In total, the bill provides \$57.19 billion for the Department of Education.

- **Education for the Disadvantaged (“Title I”)** – The bill would provide a total of \$14.1 billion for educating the disadvantaged programs, including \$12.35 billion for Title I grants to local education agencies. This amount is \$666 million more than FY03 and meets the President’s budget request.
- **Teacher Quality** – The bill recommends \$2.85 billion for State grants for improving teacher quality, the same as the President’s budget request.
- **Voluntary Public School Choice** – The bill recommends \$28 million for the public school choice program, \$2 million more than FY03.
- **Special Education State Grants** – The bill recommends a \$1 billion increase over last year for state grants for special education (IDEA), bringing it up to a program level of \$10.7 billion. This increase is \$330 million more than that requested by the President. Additionally, the bill provides \$332 million for IDEA national activities.
- **Pell Grants** – The Pell Grant maximum grant would be maintained at \$4,050.
- **21st Century Community Learning Centers** – The bill recommends \$1 billion, equivalent to last year’s funding and \$400 million more than the President’s request.
- **Federal TRIO Programs** – The bill recommends a \$12.9-million increase in funding, bringing the funding level to \$840 million.

- **Charter Schools** – The bill recommends \$220 million for the support of charter schools, \$21 million more than FY03.
- **Reading First** – The bill recommends \$1 billion for the Reading First Program, an increase of \$6.5 million.
- **Literacy Through School Libraries** – The bill recommends level funding for this No Child Left Behind Act program – allocating \$12.4 million for FY04.
- **Rural Education** – The bill recommends level funding of \$168 million to help rural school districts meet the goals of the No Child Left Behind Act.
- **Physical Education Program** – The committee recommends an increase of \$10.31 million for the Carole E. White Physical Education Program (PEP) focusing on grades K-12, bringing the program funding up to \$70 million.

Title IV — Related Agencies

- **Social Security Administration** – The bill includes \$8.5 billion for administrative expenses at the Social Security Administration, the same amount as the President's budget. This increase of \$645 million over last year is recommended to continue processing benefit applications, increase program integrity workloads, and increase the timeliness of disability decisions.
- **Corporation for Public Broadcasting** – The bill approved an advance appropriation for FY2006 of \$400 million. Previously, \$380 million was enacted for FY04 and \$390 million for FY2005. The bill would provide \$55 million for the conversion of public broadcasting to the digital format, an increase over the \$48 million provided last year.
- **Domestic Volunteer Service Programs (DVS)** – The bill recommends \$350 million, a \$3.7 million decrease over FY03 which is borne by the Special Volunteer Programs. In addition to that program, DVS encompasses the Volunteers in Service to America (VISTA) program, and the Senior Corps, including the Retired and Senior Volunteer Program (RSVP), the Foster Grandparent Program, the Senior Companion Program, and the Senior Demonstration Program.
- **Federal Medication and Conciliation Service** – The committee recommends a \$2 million increase for this labor dispute resolution agency, proposing \$43.4 million for FY04.

ADMINISTRATION POSITION

As of press time, the Administration had not issued its Statement of Administration Position (SAP) on the Senate bill. However, the Administration did issue a SAP on the House-reported bill on July 8, expressing its overall support for that measure, including the House-recommended discretionary spending totals and advanced appropriation levels.

While there are a number of funding differences between the House and Senate spending measures, it is likely the Administration again will issue a veto threat related to proposed rule changes by the Department of Labor as it did in the House SAP. In the July 8 House SAP, the President's senior advisors would have recommended a veto if the final bill included language prohibiting the Department of Labor from moving forward with its proposed regulations related to union reporting and disclosure or its proposed rulemaking regarding overtime laws.

When the House considered its funding bill, an amendment was offered to deny funds for the overtime protection regulations, but it was rejected by a vote of 210-213. No amendment related to union financial reporting requirements was offered during House consideration of the Labor-HHS-Education funding bill.

COST

S. 1356 would provide a total of \$472.17 billion in budget authority, including \$19.28 billion in FY05 and FY06 discretionary advance appropriations. Of that total, \$137.6 billion is FY04 discretionary budget authority, using all of the Committee's 302(b) allocation. This amount is \$435 million below the House allocation and \$389 million below the President's budget request. The House and Senate bills also have available \$2.2 billion to spend in FY2004, which was achieved by pushing back advance appropriations from FY2004 into FY2003.

The Senate Budget Committee has indicated some differences with the Appropriations Committee figures. For more information, please contact Budget Committee majority staff.

POSSIBLE AMENDMENTS

Education Amendments – Amendments are possible to increase education spending in a wide array of programs, including IDEA, Title I, Pell grants, and Teacher Quality grants.

Advance Appropriations – An effort to increase the amount of spending advance-appropriated to FY03 (\$2.2 billion in this bill, as described on page 1 in the Noteworthy section) has been offered by Senator Byrd, and will be subject to a point of order.

Department of Labor White-Collar Exemption from Overtime Regulation – An amendment to prohibit any spending to implement this proposed regulation is possible. DOL has proposed updating the regulation to implement the Fair Labor Standards Act rules which guarantee overtime pay for non-white-collar workers. It would raise the minimum salary level at which workers receive overtime pay from \$155 to \$425 a week. This would guarantee overtime payments to 1.3 million low-wage workers who were not entitled to overtime before and who work more than 40 hours a week. This is the largest increase since the bill was enacted in 1938, and it will significantly benefit women and minority workers. It would also exempt employees who earn more than \$65,000 annually *only if* the job involves white-collar duties. Those who earn between \$22,100 and \$65,000 will remain eligible for overtime pay if they meet the “short test” which determines if they are white-collar employees or not.

Department of Labor Union Financial Transparency Regulation – It is possible that an amendment may be offered prohibiting any spending to implement the proposed financial transparency regulation, which includes modernizing the existing LM-2 labor union disclosure form. This form has not been revised in 40 years and is currently allows unions to obscure their true financial situation through vague accounting systems and non-reportable investments, such as joint ventures. Moreover, the form is required by the Labor Management Reporting and Disclosure Act as a way to encourage financial integrity in organized labor unions. The LM2 disclosure form is required of unions which represent any private-sector employees and have annual receipts of \$200,000 or more – affecting about 20 percent of all unions.

Minimum Wage – Senator Kennedy may offer an amendment to raise the minimum wage by \$1.50 over 14 months.

Coal Dust Standards – An amendment may be offered to prevent the Department of Labor from revising Mine Safety and Health Administration regulations relating to coal dust.

Community Health Centers – An amendment may be offered to increase funding.

Head Start – An amendment may be offered to increase funding.

NIH – Senators Specter, Harkin, and Feinstein will offer an amendment to increase funding by \$1.5 billion, for a total increase of \$2.5 billion.

Nursing Programs – An amendment may be offered to increase funding.